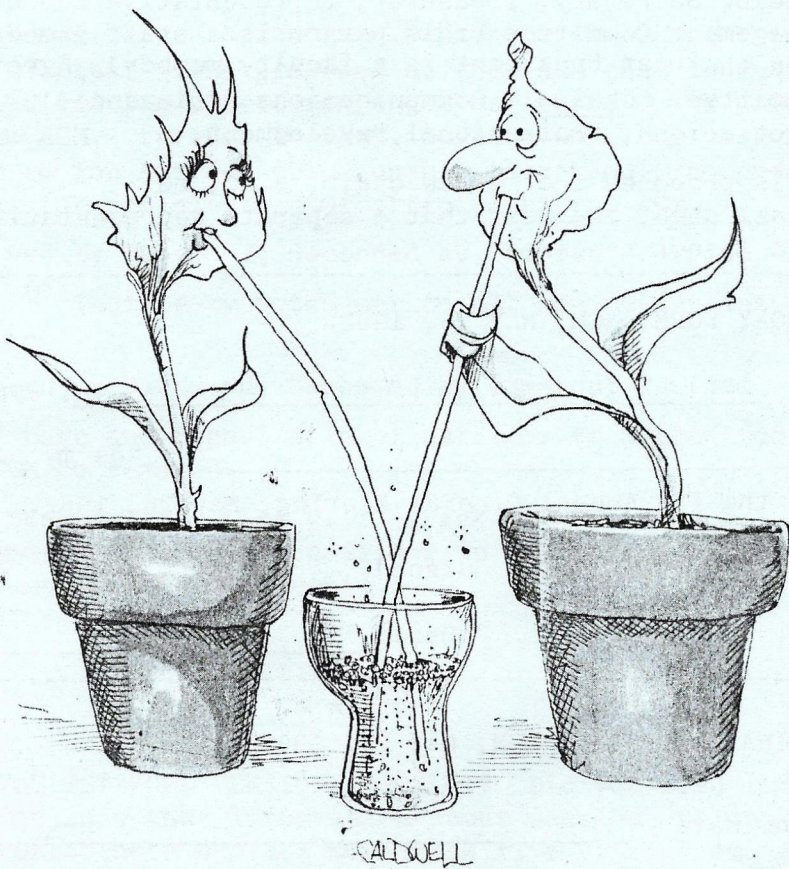


FSA NEWSLETTER

PENSION FUNDING



M A Y

1982

FSA ANNUAL GENERAL MEETING

MAY 26, CHILLIWACK, 14:30, ROOM 103

The College should be closed at 14:00 to allow travelling time

Babysitting will be provided

NOMINATIONS SHOULD BE SENT TO VAL HUNT, ABBOTSFORD.
(Form is given below).

Executive Positions: President, Vice-President Staff, Vice-President Faculty, Recording Secretary, Corresponding Secretary, Treasurer, Representative Labour-Management Committee (this person is a staff member when the Past President is a faculty member), Agreement Committee. Chairs: Communications, Grievance, Negotiations, Professional Development.

It is proposed that a new chair, JCAC, be established, and felt that a separate representative to CIEA is not required.

PROXY FORM, AGM, MAY 26, 1982

I, _____, appoint
_____ as my proxy
at the FSA Annual General Meeting, May 26, 1982.

Signed _____

Dated _____

NOMINATION FORM: AGM, MAY 26, 1982

I nominate _____
for the position of _____

Signature of
Nominator _____

Signature of
Nominee _____

PROXIES

If you CANNOT get to the AGM you may appoint a proxy. A suitable form is printed opposite. These may be sent to Val Hunt, Abbotsford, by campus mail, or registered with her before the meeting.

Executive will propose to the AGM that, in future, nominations be collected in time to run an advance poll and proxies not be permitted (see motions below).

BUSINESS FOR AGM

MOTION: That it be proposed at this AGM that in future nominations for elections be cut off three weeks prior to the AGM. Further to that, advance poll one week prior to the AGM for those unable to attend. No proxy voting for the election of officers at the AGM.

Moved by Busswood; Seconded by Cameron; Carried

MOTION: That proxy votes not be allowed on any issue at an AGM.

Moved by Busswood; Seconded by Cameron; Carried

Child care and organizational barriers to attendance at the AGM be removed.

CIEA MEMBERSHIP: CIEA will be asked to provide an information package to consider in connection with the question of CIEA membership.

* * * * *

DID YOU GET YOUR PENSIONS BOOKLET? Did you read it? Did you know that information about pensions seldom interests those who are more than five years from retirement? It's too late then, folks. Here is one of the largest sources of savings in the country - your savings and your country. Hadn't you better take an interest? Here's some ABC information to start with.

(From Pesando & Rea, "Pensions: The Problems and the Options," Legion Magazine, Vol. 54, No. 12, May 1980)

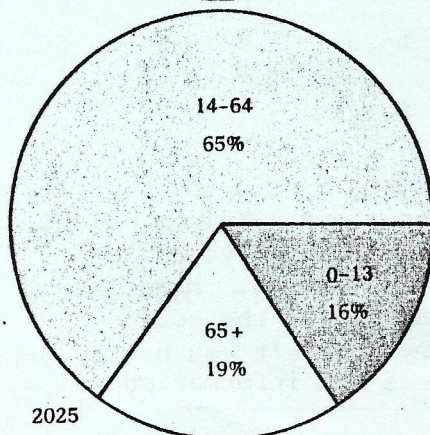
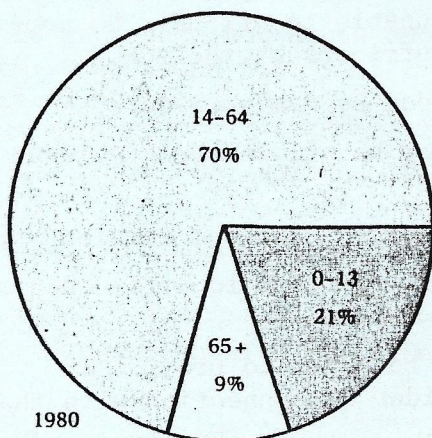
There are two ways of paying for pensions:

1. Out of current taxes, or
2. Out of the contributions made by retirees during their working lives.

OPTION 1: The first option had to be adopted when Canada Pension Plan began because those who were elderly when the plan started could not have contributed during their working lives. Obviously. There was nothing to contribute to.

But continuing to pay pensions out of current taxes becomes very burdensome as the population gets older. Fewer workers support more retirees. Like this:

Age Structure Of Canadian Population



Assumptions: 1.8 fertility, 100,000 immigration per year.

Immigration could change the pattern because immigrants tend to be young. But if immigration and the birth rate continue low, the older people will eventually outnumber the young ones.

The government predicts that the Canada Pension Plan will be exhausted by 2003 unless contributions to it are increased. Right now it is paying out more than it receives. The current rate of contribution is 3.5. It will have to rise to 9.1 by 2030. Other plans would require similar increases.

However, OPTION 2 provides what is called "full funding." Future workers do not suffer because retirees have contributed enough to finance their retirement plans.

If today's teenagers contribute 9% during their working lives the accumulated capital should support them in retirement (provided inflation is held in check).

What Inflation Does

The erosion of a fixed-dollar pension in an inflationary climate

Inflation Rate	Value of pension in real dollars (as per. cent of initial value) ¹						
	Age	65	70	75	80	85	90
0%		100	100	100	100	100	100
2%		100	91	82	74	67	61
4%		100	82	68	56	46	38
6%		100	75	56	42	31	23
8%		100	68	46	31	21	15
10%		100	62	39	24	15	9
12%		100	57	32	18	10	6

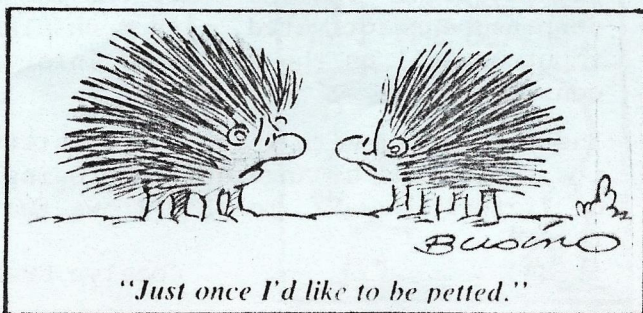
¹ For example, if the rate of inflation is 4 per cent, then the real value of the fixed-dollar pension, ten years after the pensioner's retirement at age 65, will equal 68 per cent of its initial value.

This method of financing pensions creates huge public pension funds. Who would invest them? Where? How well?

PENSIONS FUNDS: As governments move towards funded pension plans, and pension contributions are increased, we need to watch the control of the funds.

In Sweden there are rigid rules for managing pension funds. We ought to think about this. We also need to think about the security of the plans. As things stand, a pension fund can simply be erased. In theory, a government could be elected which campaigned on the promised of distributing funds, wiping out debts to the fund, or eliminating current contributions. Not likely? No. But possible.

These are not vague political problems too big to think about. They concern the money you pay now, and the money you will or will not have to live on when you retire.



THE UNION HAS AGREED TO APPEAR BEFORE THE PUBLIC COMMISSION ON COMMUNITY AND SERVICE CUTBACKS ON MAY 19, 1982, WHICH IS COLLECTING INFORMATION ON THE IMPACT OF COLLEGE BUDGET CUTS. ANY HELP IN WRITING THIS BRIEF WILL BE WELCOME. PLEASE COMMUNICATE WITH JOCELYN CREIGH IMMEDIATELY.

* * * * *

REPORT: COMMUNICATIONS

In my two years in this position, I have considered that a suitable format for and the regular appearance of the FSA Newsletter were my chief responsibilities.

The production of the Executive Handbook has been the only other major task, although now it should rarely be a matter of updating the offices and job descriptions. The Grievance Handbook produced last year was not substantially changed this year.

Effective information giving does not, however, depend solely on the Communications Chairperson. It requires that we know what people need to know, that information is handed on promptly, and that the system puts it out quickly so that it is not stale when received. If the Newsletter is to be a good substitute for the grapevine, these conditions must be met.

Finding suitable material is not easy. For example, more involvement by the Shop Stewards (who know what things are concerning to the electorate) would help, articles highlighting places in the contract, "case histories" from the Grievance Chairperson (not, of course, current cases, and preferably "fictional cases") would make the newsletter truly informative.

I believe that communication within the Union has improved only in regard to the Newsletter, and this is not quick. The old telephone connections should perhaps be reactivated. And mechanisms for the input as well as the output of information should be considered.

The regularity with which the Newsletter has appeared, its typing and arrangement, are owing to the efforts of Victoria Nowell, to whom I owe two years of thanks.

Jocelyn Creigh



